



December 9, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Dominion Energy South Carolina, Inc.;
Request for Approval to Sell Real Property and Waiver of Bid
Requirement
Docket No. 2021-____-E

Dear Ms. Boyd:

South Carolina Code Ann. § 58-27-1300 (2015) requires Dominion Energy South Carolina, Inc. (the “Company” or “DESC”) to obtain approval from the Commission when the Company seeks to “sell, assign, transfer, lease, consolidate, or merge its utility property¹” that has a fair market value in excess of \$1,000,000. Additionally, pursuant to Order No. 2021-358, dated May 14, 2021, issued in Docket No. 2019-386-E, the Commission approved a Code of Conduct Governing the Relationship among DESC, SCANA Corporation, Dominion Energy, Inc. and Certain Other Affiliates (“Code of Conduct”). The Code of Conduct contains certain reporting requirements for real property transactions. Among the requirements, the Code of Conduct requires DESC to engage in a competitive bidding process for sales of real property with an appraised value in excess of \$1,000,000 (“Bid Requirement”).²

DESC owns real property consisting of approximately 3.46 acres, and improvements thereon, on Sullivan’s Island in Charleston County (TMS Nos. 523-12-

¹ South Carolina Code Ann. § 58-27-1300 provides that “utility property” includes “property used and useful to provide customers with electric service and which has been properly included in the electric utility's rate base, including construction work in progress or property held to serve future customers.” This section further provides that “[u]tility property that has been transferred to nonutility accounts must continue to be treated as utility property under this provision for five years following the transfer.”

² See Code of Conduct, Paragraphs III(C)(3)(b); IV(C)(1),(2)(a).

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00-019, 523-12-00-020, 523-12-00-021, 523-12-00-022, 523-12-00-023), which is collectively referred to as the “Sand Dunes Property.” The Sand Dunes Property improvements consist of a 13,716 sq. ft. club house, four (4) picnic shelters of varying size, and a swimming pool. A map depicting the Sand Dunes Property is attached hereto as Exhibit A. DESC has entered into a Purchase Sale Agreement with SDC Island Resident Club, LLC, an affiliate of Beemok Capital, LLC, whereby the SDC Island Resident Club, LLC will purchase the Sand Dunes Property for nineteen million (\$19,000,000) dollars, subject to Commission approval.

**Request for Authorization to Transfer the Sand Dunes Property to SDC
Island Resident Club, LLC**

As discussed above, DESC, pursuant to § 58-27-1300, is prohibited from selling or transferring utility property valued in excess of \$1,000,000 without obtaining Commission approval. In this instance, the Sand Dunes Property is valued in excess of \$1,000,000 and is classified on the Company’s books and records as “utility property.” Therefore, this property is subject to the requirements of S.C. Code Ann. § 58-27-1300 and DESC must therefore obtain Commission approval before selling or transferring the property.

The Sand Dunes Property, along with the personal property items included therein, is classified on the books and records of DESC as common utility property; however, it has been removed from the Company’s base rate calculations and is therefore not included within the Company’s rate base for electric and gas operations. In accordance with the FERC Uniform System of Accounts prescribed for public utilities, as adopted by the Commission, any sales proceeds attributable to the structures, furniture, fixtures, equipment and other personal property will be credited as salvage to the accumulated provision for depreciation of the property. Any gain realized from sale of the land will be recorded in Account 421.1000 entitled “Gain on Disposition of Property”, while any loss realized from sale of the land will be recorded in Account 421.2000 entitled “Loss on Disposition of Property.”

Based upon the foregoing, DESC respectfully requests that the Commission issue an order authorizing DESC to transfer the Sand Dunes Property, and any personal property included therein, to SDC Island Resident Club, LLC.

Request for Waiver of Bid Requirement

In the Code of Conduct, the Commission articulated a requirement that, if DESC seeks to sell utility real property in excess of \$1,000,000, the Company must engage in a competitive bid process. The purpose and intent of the Code of Conduct is to protect against affiliate preferences and to ensure that the Company disposes of

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real property in a manner that promotes fair and equitable treatment of the parties to the transaction, potential bidders, and DESC's customers.

In the present case, DESC has no future plans for the Sand Dunes Property. Moreover, the Company has identified a purchaser for its property who is willing to pay fair market value for the Sand Dunes Property. Furthermore, the purchaser of this property is not affiliated in any manner with DESC, its parent, or any of its affiliates. Based on the foregoing, the sale of the DESC property in the manner described herein encompasses the fair and equitable considerations prescribed in the Code of Conduct. Accordingly, DESC respectfully requests that the Commission issue an order authorizing the Company to sell the Sand Dunes Property to SDC Island Resident Club, LLC without engaging in the Bid Requirement established by the Code of Conduct.

The request for relief set forth herein will not involve a change to any of DESC's retail rates or prices, or require any change in any Commission rule, regulation or policy. Accordingly, neither notice to the public at-large, nor a hearing is required regarding this request.

By copy of this letter, we are also notifying counsel for the South Carolina Office of Regulatory Staff of the Company's request for approval to transfer the Sand Dunes Property to SDC Island Resident Club, LLC and waive the Bid Requirement established by the Code of Conduct.

If you have any question, please advise.

Very truly yours,



Matthew W. Gissendanner

MWG/kms

Enclosures

cc: Dawn Hipp
Andrew M. Bateman, Esquire
(all via electronic mail and U.S. First class mail w/enclosures)



Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



1 inch = 100 feet

Sand Dunes
3.46 ac